

Hollins University

**Hollins Digital Commons**

---

Ann B. Hopkins Papers

Manuscript Collections

---

12-3-1989

**Civil Action No. 84-3040 Plaintiff's Further Answers to Defendant's Interrogatories Relief Phase - Set I**

United States District Court for the District of Columbia

Follow this and additional works at: <https://digitalcommons.hollins.edu/hopkins-papers>



Part of the [Civil Rights and Discrimination Commons](#)

---

12/13/89

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

Artery

961,8000

ANN B. HOPKINS  
Plaintiff  
v.  
PRICE WATERHOUSE  
Defendant

)  
)  
)  
)  
) Civil Action No. 84-3040  
) (Gesell, J.)  
)  
)  
)

PLAINTIFF'S FURTHER ANSWERS TO DEFENDANT'S  
INTERROGATORIES RELIEF PHASE - SET ONE

INTERROGATORY NO. 10: If the Court does not make you a partner in Price Waterhouse, do you contend you are entitled to front pay?

a. If so, on what terms?

Answer: [Yes.]\*See the attached Statement by Prof. Joseph L.

Tryon.

INTERROGATORY NO. 11: With respect to any front pay you might claim you are entitled to, describe the method by which it is calculated, the present cash value of any single lump sum payment to which you may claim you are entitled, and the amount of equal monthly payments to provide you an annuity of equal value. Explain your calculations and cite any published text, tables or formulas used in most calculations.

Answer: See the attached Statement by Prof. Joseph L.

Tryon.

I hereby declare under penalty of perjury that the foregoing answers are true and correct.

December 13, 1989

Joseph L. Tryon

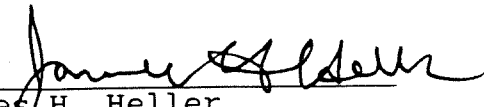
\_\_\_\_\_  
Joseph L. Tryon

\* Previously answered by plaintiff.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was delivered  
on December 14, 1989 to the office of

Theodore B. Olson  
Wayne A. Schrader  
Larry L. Simms  
GIBSON, DUNN & CRUTCHER  
1050 Connecticut Avenue, N.W.  
Suite 900  
Washington, D.C. 20036

  
James H. Heller  
KATOR, SCOTT & HELLER  
1275 K Street, N.W.  
Suite 950  
Washington, D.C. 20005-4006

Attorney for Plaintiff

Statement of Prof. Joseph L. Tryon's Testimony  
Concerning Lost Income of Ann B. Hopkins, in Connection  
with Her Suit Against Price Waterhouse:

Prof. Tryon will testify that as a result of Ms. Hopkins having left Price Waterhouse, between the period July 1, 1983 to June 30, 1989, she lost earnings of \$853,000; over this same period she has earned \$372,000, producing net lost income of \$481,000. Including interest accumulated since the time of the losses, the back pay net losses with interest total \$560,000.

He will also testify that with regard to future losses, over the period July 1, 1989 to June 30, 2004, had she stayed at Price Waterhouse, she would have earned between \$5,030,000 and \$5,366,000, and from July 1, 2004 to her life expectancy in 2025, she would have received between \$6,083,000 and \$7,314,000 in retirement benefits. Her total losses will therefore be between \$11,113,000 and \$12,680,000. Offsetting these losses will be her earnings at the World Bank, where she now works. Her earnings at the World Bank should total \$2,675,000 and retirement benefits should total \$2,958,000, giving total offsetting income of \$5,633,000. The total net losses are projected to be between \$5,480,000 and \$7,047,000. The present value of the net losses is between \$2,075,000 and \$2,482,000.

From these figures the present value of her losses, both past and future, with past losses including accumulated interest and future losses being discounted to present value, will range from \$2,635,000 to \$3,042,000.

.....

Back Pay Losses:

-----  
Price Waterhouse operates on a fiscal year of July 1 to June 30. All information supplied by PW is for fiscal years. Hence all calculations for this case were made using fiscal years, with the calendar year of the end of the year as the number. Thus, the current fiscal year, FY 1990, is nearly half over.

The back pay losses at Price Waterhouse were calculated from averages of actual pay for full partners at PW in the management consulting field who became partners in the year Ms. Hopkins should have become a partner. Data for partners with atypical incomes were eliminated from the averages. (Identification of atypical incomes and field of partners based on information supplied by PW.) The offsetting income

is her actual earnings for the same period. The six years of data are as follows:

	Price-Wat. Averages	Hopkins' Actual Earn.	Net Loss
FY 1983-4	\$109151	80015	45091
FY 1984-5	111000	56114	54886
FY 1985-6	124240	54302	87430
FY 1986-7	159265	68842	90423
FY 1987-8	176420	46524	129896
FY 1988-9	172957	66332	106625
	-----	-----	-----
	\$853033	\$372129	\$480904

With interest accumulated since the time of the losses, the net losses rise to \$560,034. The interest rate used for the accumulated interest is the actual yield on 3-year maturity U.S. Government bonds. (Data from the Economic Report of the President, January 1989, page 391.)

#### Future Losses:

-----

Three factors were taken into account in projecting future lost income. The first is the effect of experience and age while working for Price Waterhouse and for the World Bank. The second and third are general influences, inflation and productivity advance. The allowance for inflation in all projections was 4.6% per year, based on the historical average of the annual increase in the U.S. Bureau of Labor Statistics Consumer Price Index, 1955 to 1988. (Data from Economic Report of the President, January 1989, page 373.) Two allowances for productivity advance were used, 1.5% per year based U.S. Bureau of the Census data on constant-price incomes of fulltime workers in the U.S. over the period 1955 to 1987 (data from Current Population Reports, Consumer Income, Series P-60, numbers 159 and 161), and 0.8% per year based on Price Waterhouse average partner incomes over the period 1972 to 1988 (data from information supplied by Price Waterhouse in attachment to letter of November 14, 1989.).

The projection of the effects of age and experience within Price Waterhouse was based on records supplied by the firm. As with back pay, projections have been made using fiscal years instead of calendar years. Ordinary income for a full partner is determined from the number of shares owned at the beginning of the fiscal year and the profits of the firm for the year. The number of shares owned is in turn related to the partner's productivity within the firm. No fixed formula is used in determining an individual's number of shares. Shares are assigned essentially on a judgement basis by senior officers of the firm; however, there exists a guide to the shares for partners performing as expected, in relation to years completed as a partner at the beginning of the year. This

"Share Allocation Schedule" (provided by PW, December 1, 1989) shows shares for partners ranging from new partners with 200 shares to 550 for partners with 23 years or more completed with the firm. Using the profit-sharing formula for FY 1990 (confidential attachment to letter from PW, dated November 14, 1989), the ordinary income of partners for FY 1990, according to years of experience with the firm, can be calculated. These figures were used as the starting point of the calculations for Ms. Hopkins' future lost income.

The partner income calculated as described in the previous paragraph is in terms of FY 1989 prices. The nature of the formulas suggests that the rise in incomes should also include the effects of inflation and productivity advance. Assuming that the incomes of partners would rise at the same rate as U.S. workers' incomes in general gives an annual addition of 4.6% for inflation and 1.5% for productivity advance, or a combined rate of 6.169% per year. Over the period 1972 to 1988, actual partner average incomes have risen at only 5.4% per year. This figure implies a productivity increase of only 0.8% if the company continues to perform as it has in these recent years. With 4.6% inflation and 0.8% productivity advance, the combined annual increase would be 5.437% instead of 6.169%. Lost income with both assumptions has been calculated, giving a range of likely outcomes for Ms. Hopkins.

The lost earnings projections were made to the end of the fiscal year in which Ms. Hopkins will have her 60th birthday, FY 2004. This is the normal retirement year for Price Waterhouse partners. Her retirement income would then depend on the number of shares owned and the share value at that time. The share value is determined in such a way that it increases along with the capital needs per partner of the firm. Assuming that these needs grow at the same rate as incomes, which they have historically done over the period 1972 to 1988, and assuming that the formula for retired partners remains the same as it currently is, her expected retirement payments can be calculated. (Formula from confidential attachment to letter of November 14, 1989.) These benefits depend on share value and share value has grown historically at the same rate as average partner incomes. Therefore the same assumptions on the combined inflation of 4.6% and productivity advance of 1.5% and 0.8% were used for the annual increase in retirement benefits. These figures give the combined annual increases of 6.169% and 5.437% per year.

The retirement benefits were projected for the period FY 2005 to Ms. Hopkins life expectancy at .4 of FY 2025. (Life expectancy from National Center for Health

Statistics, "Vital Statistics of the United States, 1986", page 11.)

Offsetting income earned was projected on the assumption that Ms. Hopkins will continue to be employed at the World Bank to the same retirement date, end of FY 2004, and will receive retirement benefits from the Bank to her life expectancy at .4 of FY 2025.

The World Bank has a pay system and retirement system which are, in general terms, similar to that of the Civil Service of the U.S. Federal Government. It has grades, within-grade increases, and between grade promotions, and the entire grade schedule is moved up regularly to reflect average pay for similar jobs outside the government. The retirement benefits are similar to the old Civil Service Retirement System, with benefits tied to highest pay and number of years of employment, and benefits are adjusted for cost-of-living changes. Ms. Hopkins is currently at grade 24, earning gross income of \$92,444 per year.

For her projected income at the World Bank, it was assumed that Ms. Hopkins would receive within grade increases of 2% per year, a single promotion\* to grade 25, which would occur in FY 1994 and which would provide an additional 5% increase in gross pay. Additional annual increases in the form of a rise in the pay schedule were assumed to be the result of inflation of 4.6% and productivity advance of 1.5%. Combined, these give the schedule an annual increase of 6.169%, the average increase in U.S. fulltime workers' income as noted above. Retirement would occur at the end of FY 2004, and retirement benefits would be in accordance with rules as explained in the "Staff Retirement Plan" of the International Bank for Reconstruction and Development (the World Bank).

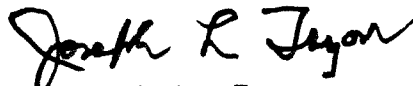
The assumptions about pay while working at the World Bank are within the parameters of the Bank as it currently operates: non-automatic merit pay increases within grade, regular adjustment of the pay schedule to match increases in competing private-sector jobs, and limited opportunities for promotion because of a top-heavy personnel structure and restrictions on hiring Americans. (Assumptions based in part on information supplied by a personnel specialist of the World Bank, Ms. Sandra Lawrence.)

-----  
\* It is possible that Ms. Hopkins would receive a second promotion, to grade 26. This is very unlikely given the type of work she does, the current top-heavy staffing of the World Bank, and the restrictions on hiring Americans which prevail there. If an additional promotion is assumed for Ms. Hopkins in FY 1999, with a five percent additional

The present value of the future losses was calculated using a discount rate of 6.5%. This rate is the historical average annual yield on U.S. Government bonds of approximately two-year maturity over the period 1955 to 1988. (Calculated from data in the Economic Report of the President, January 1989, page 390.) This choice represents "safest and best", with a taxable interest rate. It is consistent with the instructions of the U.S. Supreme Court in the Pfeifer case, as are other assumptions used in these projections. (103 S.Ct. 2541 (1983))

-----  
fn cont.

pay increase, the present value of her income from the Bank rises to \$2,293,000. Correspondingly, the range of the present value of the net lost future income falls by \$65,000, from \$2,075,000-\$2,482,000 to \$2,010,000-\$2,417,000.



Joseph L. Tryon  
Associate Professor of Economics  
Georgetown University  
Washington, D.C.



## Curriculum Vitae of Joseph L. Tryon

Born: Washington, D. C., January 17, 1927

Current Home Address: 2350 North Nelson Street, Arlington, Virginia, 22207  
(Phone (703) 525-7744)

Current Office Address: Department of Economics,  
Fifth Floor, Intercultural Center,  
Georgetown University,  
Washington, D. C. 20057  
(Phone (202) 687-5692)

Marital Status: Married to Nancy Vaught Tryon. Three children.

Education and degrees: 1. Villanova College, Muhlenberg College, Case School  
of Applied Science, Illinois Institute of Technology.  
Attended these schools as U.S. Navy V-12 student,  
1944-46; major, electrical engineering.  
2. University of Minnesota, 1946-1949; major, economics,  
minor, political science; B.A. June 1949.  
3. Harvard University, 1949-1953; major, economics;  
M.A. June 1951; Ph.D. June 1961.

Honors: Phi Beta Kappa, University of Minnesota, 1948.  
Graduated magna cum laude, University of Minnesota 1949.

Work Experience 1. Teaching fellow, economic statistics, Harvard  
University, 1951-53.  
2. Airman 3rd class, U.S. Air Force, March-December 1954.  
3. 2nd & 1st Lt., USAF, Manpower officer, December 1954-  
January 1957.  
4. Economist, U.S. Government, April 1957-June 1958.  
5. Instructor in Economics, Georgetown University,  
September 1958-June 1961.  
6. Assistant Professor of Economics, Georgetown University,  
September 1961-June 1963.  
7. Economist, Center for Development Planning, National  
Planning Association, July 1963-January 1968.  
8. Visiting Professor of Economics, University of the  
Philippines, October 1965-May 1967. (Concurrent with  
work for the National Planning Association in Philippines.)  
9. Associate Professor of Economics, Georgetown University,  
February 1968 to present.

Also consulting work to Congressssional committees, lawyers and other private business. Legal consulting has included testifying in cases in the Federal and local courts in Maryland, the District of Columbia, and Virginia; testimony has concerned economic matters in personal injury, malpractice, divorce and business cases.

Curriculum Vitae of Joseph L. Tryon (continued):

Research and Publications:

Ph.D. Thesis: Factors Which Affect the Behavior of Business Inventories, unpublished, Harvard University, 1961.

Articles:

1. (with Charles L. Schultze) "Prices and Costs in Manufacturing Industries," Joint Economic Committee, Congress of the United States, January 25, 1960, pp. 58.
2. "Sources and Uses of Funds," Econometrica, Vol. 29, No.3, July 1961, pp. 455-6 (abstract only).
3. (with Henry W. Briefs) "U.S. Economic Growth: Issues and Prospects," in National Security: Political Military and Economic Strategies in the Decade Ahead, Praeger, pp. 833-873; 1963.
4. (with Charles L. Schultze) "Prices and Wages," in The Brookings Quarterly Econometric Model of the United States, Duesenberry et al, editors, 1965, pp. 281-333.
5. "Internal and External Terms of Trade in Post-War Philippines," The Philippine Economic Journal, Vol. VI, (Second Semester 1967), pp. 189-209.
6. (with Douglas S. Paauw) "Agriculture-Industry Interrelationships in an Open Dualistic Economy: The Philippines, 1949-1964," in Growth of Output in the Philippines, Papers presented at a Conference at the International Rice Insitute, December 9-10, 1966, University of the Philippines, Quezon City, Philippines, 1967.

Mimeographed Research Papers:

1. (with Forrest E. Cookson) "Project Planning in Less Developed Countries: A Framework and Major Issues," National Planning Association, M-8142, November 1964, (53 pp.).
2. "Notes on Latin American Development Planning," National Planning Association, M-8232, February 1965, (45 pp.).
3. (with Forrest E. Cookson) "Bibliography of Project Planning," National Planning Association, M-8401, July 1965, (18 pp.).
4. (with Forrest E. Cookson) "A Critical Survey of Project Planning," National Planning Association, M-8625, March 1966, (201 pp.).
5. "The Coordination of Sectoral and Aggregate Plans," National Planing Association, M-8761, June 1966, (114 pp.).
6. "Intersectoral Flows and Capital Transfers," National Planning Association, Fieldwork Report #11, September 1966.
7. "The Behavior of Production, Prices and Productivity in Philippine Agriculture," National Planning Association, M-9353, July 1968, (146 pp.).

Curriculum Vitae of Joseph L. Tryon (continued):

Fields of Specialization and Interest:

1. Economic statistics
2. Economic development
3. International economics
4. Natural resource economics
5. Poverty and wealth, income distribution

Courses Taught at Georgetown University:

Undergraduate

- Principles of Economics
- Money and Banking
- Microeconomic Theory
- Macroeconomic Theory
- International Economics
- Economic Development of Underdeveloped Countries
- Economic Statistics
- World Resources in the Next Century
- Seminar in the Economics of Poverty

Graduate

- Economic Statistics
- Economic Development of Underdeveloped Countries
- Investment Project Analysis
- Economic Growth and Development Planning
- Data Collection and Analysis in Underdeveloped Countries